



August 1, 2023

Mr. Brandon Metzler
Clerk of the Legislature
State Capitol Room 2028
Lincoln, NE 68509

Ms. Mikayla Finley
Legislative Fiscal Analyst
State Capitol Room 1007
Lincoln, NE 68509

Subject: Nursing Facility Rate Inflation Factor Report

Dear Mr. Metzler and Ms. Finley:

The Division of Medicaid and Long-Term Care (MLTC) submits this report as required in LB814 to the Clerk of the Legislature and the Legislative Fiscal Office on how the Inflation Factor was calculated for State Fiscal Year 2023-24 Nursing Facility Rates.

The inflation factor specified in Nebraska State Plan section 12-011.08D5 Base Year Report Period and Inflation Factor is determined by MLTC from spending projections using:

1. Audited base year cost and census data,
2. Budget directives from the Nebraska Legislature; and
3. Funding generated by the Nursing Facility Quality Assurance Assessment.

First, MLTC computed rates before the inflation factor to determine the projected expenditures for Nursing Facilities for SFY2023-24, which calculated to be \$453,414,219.

Second, MLTC referenced the specific amounts appropriated per LB814, page 49 to determine the legislative intent and budget directives as required. These amounts are \$449,351,518.

Third, MLTC calculated the Nursing Facility Quality Assurance Assessment rate add-on portion of the rates. These amounts are \$19,705,682.

Finally, utilizing these three sets of data, MLTC arrived at a positive 3.5% inflation factor to apply to the projected spend from the base year cost report data of \$453,414,219, which amounts to

\$15,869,498, for a total projected expenditure of \$469,283,717. This amount projects expenditures just above the legislatively appropriated amounts of \$449,351,518, plus the Nursing Facility Quality Assurance Assessment amount of \$19,705,683, for a target expenditure amount of \$469,057,201.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin Bagley". The signature is fluid and cursive, with a large initial "K" and a distinct "B".

Kevin Bagley, DHA, Director
Division of Medicaid and Long-term Care